

## Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 EA-06 IO-10 ISO-00 SSO-00 NSCE-00

USIE-00 INRE-00 SP-02 AID-05 NSC-05 CIEP-01 TRSE-00

SS-15 STR-01 OMB-01 CEA-01 L-02 H-01 PA-01 PRS-01

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03

LAB-04 SIL-01 /098 W

----- 127991

O R 031721Z MAR 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 8399

INFO USMISSION EC BRUSSELS IMMEDIATE

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

USMISSION GENEVA

AMEMBASSY THE HAGUE

AMEMBASSY MADRID

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY LONDON

AMEMBASSY SANTIAGO

C O N F I D E N T I A L BONN 03519

E.O. 11652: GDS

TAGS: EFIN, CI

SUBJECT: CHILE DEBT RESCHEDULING

REF: STATE 45567

1. DRAWING ON REFTTEL, WE CONVEYED US VIEWS ON  
CHILE DEBT RESCHEDULING TO FORNOFFICE ASSTSEC  
HERMES AND TO HEINICHEN, WHO HANDLES DEBT  
RESCHEDULING POLICY UNDER HERMES. HERMES TOLD  
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US HE SHARES OUR VIEWS THAT WE SHOULD GO AHEAD

WITH HOLDING PARIS CLUB MEETING. HOWEVER, IN VIEW UK ACTION, CABINET-LEVEL REVIEW OF PREVIOUS DECISION TO PARTICIPATE MUST BE MADE, FRG HAS REQUESTED ITS EMBASSIES TO REPORT REACTIONS OF OTHER CREDITORS TO UK DECISION AND ALSO WILL PARTICIPATE IN INFORMAL EXCHANGE OF VIEWS DURING MARCH 4 MEETING OF EC EXPERT GROUP ON EXPORT CREDITS AND INSURANCE. AFTER CONSIDERATION OF HOW OTHER CREDITORS ARE REACTING, CABINET DECISION WILL BE TAKEN, PROBABLY ON FRIDAY, MARCH 7. WE POINTED OUT THAT OTHER EUROPEAN CREDITORS ARE LOOKING TO FRG AT THIS TIME FOR LEADERSHIP, AND SUGGESTED THAT BY MOVING QUICKLY TO CONFIRM INTEREST IN PARTICIPATING IN PARIS CLUB MEETING, FRG COULD SUCCEED IN BRINGING ALONG OTHER EUROPEANS. WE COMMENTED THAT THIS WOULD APPEAR TO SERVE FRG INTERESTS BETTER THAN TAKING A MORE PASSIVE WAIT-AND-SEE STANCE.

2. ACCORDING TO HEINICHEN, WORKING LEVEL OFFICIALS OF ALL MINISTRIES INVOLVED IN DEBT RESCHEDULING POLICY AGREE THAT FRG SHOULD PARTICIPATE. WITH POSSIBLE EXCEPTION OF BAHR, HEINICHEN ALSO EXPECTS FRG MINISTERS TO SUPPORT CONTINUED FRG PARTICIPATION. HOWEVER, DOMESTIC POLITICAL PRESSURES MAY BE STRONG ENOUGH TO OVERTURN PRESENT FRG THINKING; THUS OUTCOME OF CABINET-LEVEL CONSIDERATION MUST NOT BE TAKEN FOR GRANTED.

3. IN ADDITION TO ARGUMENTS RAISED IN REFTTEL, HEINICHEN POINTED OUT THAT CREDITOR COUNTRIES COMMITTED THEMSELVES IN PROCES-VERBAL OF FEB 21-23, 1974 PARIS CLUB MEETING TO HOLD ANOTHER MEETING TO CONSIDER CHILE'S DEBT SERVICE DUE IN 1975. IF CREDITOR COUNTRIES REFUSE TO HOLD THIS MEETING, CHILE WILL HAVE GOOD BASIS FOR DEFAULTING ON 1975 OBLIGATION. CREDITORS MAY ARGUE THAT PROCES-VERBAL NOT LEGALLY BINDING, BUT FAILURE TO HOLD PARIS CLUB MEETING WILL

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LEAVE SITUATION SUFFICIENTLY CLOUDY TO GIVE CHILE WHAT WOULD AMOUNT TO A FREE HAND. HEINICHEN HAS USED THIS ARGUMENT WITH HIS COLLEAGUES WITHIN FRG AND FOUND IT TO BE PERSUASIVE.

4. EMBOFF HAS APPOINTMENT MARCH 4 WITH MUELLER-THUNS, DEPUTY ASSTSEC FOR INTERNATIONAL TRADE AND FINANCE IN ECONMIN. ANY FURTHER INFORMATION

ON FRG VIEWS RESULTING FROM THAT MEETING WILL  
BE REPORTED SUBSEQUENTLY.  
HILLENBRAND

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